

Common Processes and the Defense Contract Management Command

Commander Speaks to DCMC's Pivotal Role in the Common Processes Initiative

MAJ. GEN. ROBERT W. DREWES, USAF

The adoption of common processes by contractors in lieu of multiple, unique DoD standards and specifications is one of the cornerstones of acquisition reform. Recent guidance from Dr. William J. Perry, Secretary of Defense, and Dr. Paul G. Kaminski, Under Secretary of Defense (Acquisition & Technology) underscored the importance of accelerating this shift toward facility-wide common processes. The Defense Contract Management Command (DCMC) plays a pivotal role in the initiative by encouraging contractors to submit common process proposals and expediting their review and approval.

Background

Common processes are intended to help reduce contractor operating costs and benefit schedule and performance requirements. Unlike traditional contract-specific changes, common process changes will cut across all contracts at a particular facility. Although it is clear both the government and contractors can mutually benefit from the adoption of common processes, the review and approval of contractor process change proposals will require special technical and cost considerations. Critical to the success of this effort is coordination among the parties: the contractor, the DCMC, the

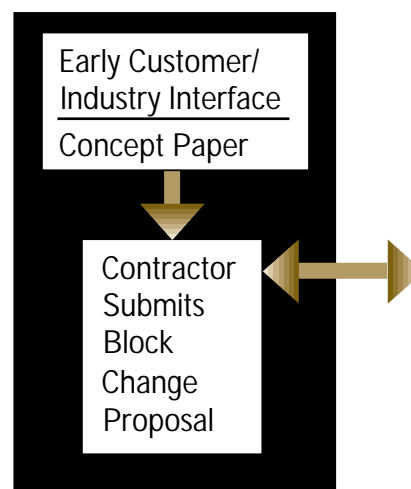
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Defense Contract Audit Agency (DCAA), the customer buying activities, and the program management offices.

DCMC Guidance

I have recently issued guidance to all DCMC field offices outlining their responsibilities in the adoption of common processes. In order to facilitate a timely and constructive exchange of information, DCMC field offices will establish a local Management Council comprised of contractors, DCMC, DCAA, and key customer representatives.

Step 1. Proposal Development



To assist Administrative Contracting Officers (ACO) and other functional specialists in the review of contractor proposals, I established a Block Change Management Team at Headquarters DCMC. In addition to DCMC members, the team roster also includes representatives from the Office of the Secretary of Defense (OSD), Military Departments and the Defense Logistics Agency, DCAA, and Department of Defense (DoD) Inspector General office. This team will provide a vital link between the policy makers and those charged with formulating implementation guidance.

Key Steps of the Process

Let me walk you through some key steps that facilitate the review and disposition of common process proposals. I will also share how I believe DCMC can successfully work together with industry, the Military Depart-

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ments, and DCAA on this major initiative.

Step 1. The first step in the process is initiated when the contractor identifies the potential area of change. The point I want to stress here is that development of the concept paper does not take place in a vacuum. There must be early interface and discussion between industry, the customer, DCAA, and DCMC to explore the viability of the change. Therefore, DCMC will be looking for a *definitive* concept paper. The concept paper should include a complete description of the proposed common process and a plan for transitioning to the common process. The concept paper should also include a cost/benefit analysis sufficient for industry to identify a rough order of magnitude of the cost and technical impact on existing government contracts. As indicated in Kaminski's guidance, the presumption is against obtaining detailed certified cost or pricing data. The analysis should be sufficient enough to allow rapid judgment by the ACO.

Step 2. The second step defines the government's actions upon receipt of the definitive concept paper. Key points that illustrate the approval phase are: establishing the management council, seeking consensus upon review and evaluation of the concept paper, coordinating with customers via component team leaders, notifying remaining customers, facilitating

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In his role as Deputy Director for Acquisition, Maj. Gen. Robert W. Drewes, USAF, is responsible for policy and oversight of the Defense Logistics Agency's \$9 billion procurement operations, executed by more than 3,000 procurement personnel located throughout the Agency. The Defense Contract Management Command and its 17,000 personnel perform contract administration worldwide on more than 378,000 contracts valued in excess of \$849 billion.

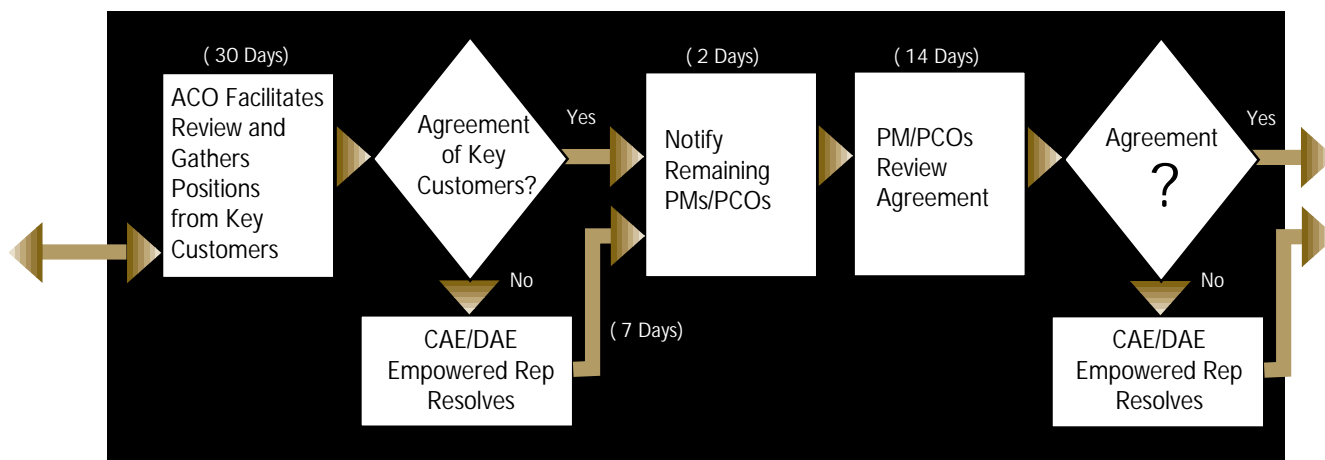


Drewes entered the Air Force in 1964 as a distinguished graduate of the Colby College Reserve Officer Training Corps program. Throughout his 32-year military career, he has served in several key positions: Contracting Officer; Commander of a Defense Plant Representatives Office; Director of Contracting at a Numbered Air Force equivalent; Director of a Major Command; and Military Advisor in the Executive Office of the President. In addition to his current assignment, he assumed the additional duty of Competition Advocate General of the Air Force in June 1994.

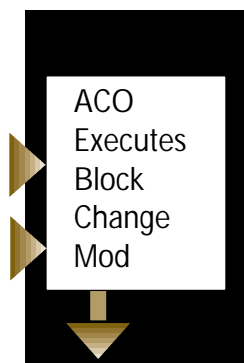
Drewes holds an M.B.A. from Harvard Business School, 1970. He is a graduate of Air Command and Staff College, Air University, Maxwell Air Force Base, Alabama (1977); and the Industrial College of the Armed Forces, Fort Lesley J. McNair, Washington, D.C. (1985).

His military decorations include the Defense Superior Service Medal, the Legion of Merit (1st Oak Leaf Cluster), the Meritorious Service Medal (1st Oak Leaf Cluster), and the Joint Service Commendation Medal.

Step 2. Approval



Step 3. Contract Modification



appeals, and lastly dispositioning the common process proposal. The bias in this phase is toward achieving approval within defined time frames. Component Acquisition Executives and the Defense Acquisition Executive (CAE/DAE) play a crucial role in this phase through quick resolution of any disputes. During this phase, DCMC wears a facilitator's hat as the focus shifts to communication and coordination in bringing about final approval.

I recognize many block change proposals may be complex. Therefore, field-level SWAT teams will be established to assist local offices in reviewing proposals when needed.

Step 3. The third step is execution of the block change modification by the ACO. If technical concurrence is obtained, the ACO will immediately proceed with contract modifications

while trying to negotiate terms of an equitable adjustment (consideration), if any.

Step 4. The fourth and final step is implementation.

DCMC Roles and Responsibilities

Through the entire process, there are well-defined roles and responsibilities for industry, the Military Services, DCAA, and DCMC. As mentioned earlier, I've established a DCMC Block Change Management Team to ensure DCMC fulfills its responsibilities. Its charter is to facilitate DCMC field office implementation.

The team is tasked with providing assistance to ACOs and refining guidelines for processing and negotiating Block Changes. They will also support DCMC field-level SWAT teams who provide technical and business expertise directly to ACOs. The headquarters team will also collect and dis-

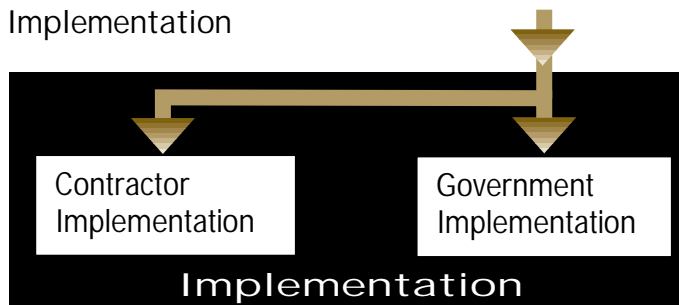
tribute lessons learned. They will be monitoring execution of the initiative and will keep me, OSD, CAEs and the DAE informed.

Conclusion

I started this article by stating that adoption of common processes is a critical component of acquisition reform. It is a method to expedite DoD's transition wherever possible away from unique DoD requirements. It is an excellent vehicle for DoD and industry, working together, to realize significant improvements in the acquisition process. As a result, DCMC is committed to take whatever actions are necessary to make this a success.

For further information or questions concerning the Defense Contract Management Command and its implementation of common processes, please contact Mr. Jim Bauer at (703) 767-2471 or DSN 427-2471.

Step 4. Implementation



DSMC & ROYAL MILITARY COLLEGE OF SCIENCE TO CONDUCT INTERNATIONAL SEMINAR

The Eighth Annual Acquisition/Procurement Seminar focuses on international acquisition practices and cooperative programs. The seminar is sponsored by the International Defense Educational Arrangement (IDEA), an arrangement between defense acquisition educational institutions in the United Kingdom, Germany, France, and the United States.

Those eligible to attend are Defense Department/Ministry and defense industry employees from the four IDEA nations who are actively engaged in international defense acquisition programs. Other nations may participate by invitation. Nations participating in past seminars were Australia, Belgium, Canada, Denmark, Italy, The Netherlands, Norway, Portugal, Spain, and Switzerland.

This year the seminar will be held July 8-12, 1996, at the Royal Military College of Science (RMCS), Shrivenham, Wiltshire, United Kingdom (1.5 hours west of London or Heathrow Airport by

train). The last day of the seminar, July 12, will be an optional day for those interested in the educational aspects of international acquisition.

The IDEA Seminar is by invitation only. Those who have not attended past IDEA Seminars desiring an invitation should contact the IDEA team at DSMC. Those U.S. DoD personnel receiving an invitation should submit an approved DD Form 1556 with a copy to DSMC by telefax. Industry representatives should submit letterhead requests by telefax. Invitations and confirmations will be issued after May 1, 1996.

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